

OUTLINE FOR THE ECONOMIC CONSTRUCTION
OF JAPAN, MANCHOUKUO AND CHINA.

Decided at Cabinet Meeting
of 3 October, 1940.

In order to concretely realize the mission of our country, which is to create a new order in East Asia and to ensure a lasting world peace, it is necessary to push forward the process of renovation of our domestic system and that of the expansion and reorganization of our sphere of existence collectively and unitedly. Consequently, the basic economic policy of our country should be based on the nature of the general plan of the following three process;

1. Perfection of the reorganization of the national economy.
2. Organization and strengthening of the sphere of self-existence.
3. Expansion and organization of the East Asia Co-Prosperity Sphere.

After all, it is necessary to organize and strengthen the general political, cultural and economic union of Japan-Manchoukuo, North China and Mongolia-Sinkiang Areas as an organically solid sphere of self-existence based on the national defense and geo-political position of our country, together with the specific islands off the South China Coast as its advance base in order to organize and expand our sphere of existence and at the same time to establish the East Asia Co-Prosperity Sphere embracing Central and South China, Southeastern Asia and the southern Areas in order to accelerate and expedite the perfection of a national defense economy. And in regard to the method of applying the economic policy, it is necessary that special consideration and thought be given to it to make it conform to the stages of livelihood of the respective races while adjusting it to the basic policy pertaining to our merger with the nations or areas and races within the sphere of existence.

1. Basic Policy

1. The aim of the economic construction of Japan, Manchoukuo and China is to establish a state of self-sufficient economy with Japan, Manchoukuo and China as a unit by about 1950 and at the same time to accelerate the establishment of the East Asia Co-Prosperity Sphere and thereby strengthen and secure their position in world economy.
2. The guiding spirit of the Japan-Manchoukuo-China economy is to establish a national defense economy through the united cooperation of Japan, Manchoukuo and China with Japan as the leader according to the great spirit of universal concordia and to promote the welfare of the people in general through the principle of live and let live.
3. Japan, being the motive power for the economic construction of Japan, Manchoukuo and China, will guide and nurture the economic construction of Manchoukuo and China by making every effort to enhance the spirit of the people, renovate their domestic situation and expand their national power. Especially, Japan will plan for the epochal development of their science and technique and undertake the development of their pioneer industries.
4. While further strengthening her inseparable relationship with our empire, Manchoukuo will plan for the speedy perfection and development of the important basic industries with the establishment of the sphere of self-existence as the chief objective.
5. China will cooperate with Japan and Manchoukuo and will plan for the development of her resources and the restoration of her economy. And North China and the Mongolia-Sinkiang Areas will develop her transportation and important industries with the establishment of the sphere of self-existence as the chief objective, while Central and South

China will contribute to the establishment of the East Asia Co-Prosp erity Sphere by focusing their attention on the smooth flow of materials and the development of important resources. However, the specific islands off South China coast, such as Hainan Island, will make every effort toward their own development, in particular, as the advance bases of the sphere of self-existence.

6. Every effort will be made to preserve the national defense power by planning for a systematic joint storage of the national defense resources within the sphere of self-existence.

7. In order to regulate and accelerate the execution of the general economic construction plan of Japan, Manchoukuo and China, the mechanics of the general plan of the Japan-Manchoukuo-China economy will be perfected.

2. Sectional Policy.

The basic policy in regard to the industrial distribution, labor, finance, trade and transportation policy of Japan, Manchoukuo and China is determined, in general, as follows:

1. Distribution of industries;

a. Placing her emphasis primarily on precision instrument industries, machine industries and armament industries henceforth, our empire will plan for their epochal development, while the other industries, such as heavy industries, chemical industries and mining, will be developed according to the principle of the right industry in the right place within the sphere of self-existence.

Light industries, particularly fiber and miscellaneous industries, will be systematically arranged and gradually transferred to the continent. At the same time, their transfer into the hands of continental capital will also be considered.

In regard to agriculture, reform of the land system and scientific renovation of management will be undertaken, while the control of the rural population, together with the betterment and stabilization of the farmers and the maintenance of the staple food of our country, will be planned.

In regard to the marine industry, plans for its further development will be made so as to continue to maintain our position as the first in the world.

The unification and renovation of the forestry administration will be made for the rational utilization and preservation of the forestry resources.

b. Manchoukuo henceforth will plan for the epochal development of her mining and electrical industries, in particular, and make every effort to develop her heavy and chemical industries according to the principle of the right industry in the right place between herself and China. At the same time, she will supply our empire with a portion of the raw materials for the heavy industries. Furthermore, machine industries and armament industries will be developed to the extent of satisfying the national defense requirements.

Light industries will be developed according to the domestic demands.

In regard to agriculture, in view of her position as the supply base of food and fodder for Japan, Manchoukuo and China and as the source of special agricultural raw materials for the world, the development of her agricultural land and the improvement and rationalization of her agricultural method will be undertaken to increase production of agricultural products extensively.

Furthermore, for the development of the agricultural industries, the migration of our pioneer farmers will be accelerated and they will be made the nucleus.

Even in regard to salt manufacturing, stock raising and forestry, plans for their epochal development in keeping with the above will be made.

c. China henceforth will contribute toward the establishment of the foundation for the economic construction of Japan, Manchoukwo and China by planning for the epochal development of her mining and salt manufacturing industries and carrying out large scaled production of industrial raw materials and, at the same time, will construct some heavy and chemical industries according to the principle of the right industry in the right place to augment the Japanese-Manchoukwoan industries.

In regard to light industries, she will plan for their mutual adjustment according to the degree of development of the industries of our empire and for their development primarily with native capital.

In regard to agriculture, she will make every effort to perfect the basic facilities, in particular, plan for the improvement and rationalization of farm management and make every effort to maintain the staple food of our country as well as increase the production of cotton and special products.

2. Labor

In view of the importance of the position of labor and technical productivity of the people within the national defense economy, an epochal reform will be made to the labor and technical systems. At the same time, a Japan-Manchoukwo-China labor plan based on the foundation of racial cooperation will be established and "gesamtpolitisch" control and redistribution will be undertaken.

(Note: Gestamtpolitisch includes not only geopolitical factors, but also cultural, social and economical factors.)

a. Our empire will make every effort to establish a new system of labor and technique, train laborers spiritually and physically, promote scientific education, intensify labor productivity, train technicians and skilled workers and will guide and assist in the economic construction of China and Manchoukwo.

b. Manchoukwo will obtain from our empire the technicians and skilled workers necessary for the development of her industries and at the same time establish a training system for these types of workers within her country also.

Systematic migration of Japanese and Korean pioneers will be planned and in regard to labor, in general, the systematic migration of North China laborers into Manchoukwo will be planned and every effort will be made to establish a policy of replenishment from domestic source and particularly to reorganize and establish labor control in the mining and manufacturing industries.

c. China will obtain from our country the technicians and skilled workers necessary for the development of her industries and the restoration of her economy, and also make every effort to train such types of laborers within her own country.

In regard to laborers, in general, she will devise measures for their stabilization and at the same time make the necessary provisions for the development of Manchurian industries.

3. Finance.

For the establishment of the national defense economy, the financial ideology will be so changed as to enable the acquisition of the necessary quantity and quality of materials as a state primarily without placing the financial foundation solely on the certainty of collection.

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a. A financial plan conforming to and enabling the execution of the industrial plan for Japan, Manchoukuo and China will be established and a financial system to carry this out will be perfected.

b. In view of the possibility of the necessity of making numerous changes in the industrial facilities, accompanying the progress of technique and the establishment of industrial fields and accompanying the execution of a systematic joint storage of national defense materials, a financial system for this purpose will be perfected.

c. As a rule, the procurement of funds will be made from the savings of the three countries and for this purpose, plans for the increase and utilization of the savings in each country will be made. However, in regard to the funds for the strengthening of the national defense production strength, assistance will be rendered by Japan for the time being. Furthermore, plans for the utilization of foreign capital, so long as it does not run counter to the aims of the establishment of a new order in East Asia, will be made.

d. In regard to foreign exchange, the aim of control will not be directed solely on the economy of overseas payment, but also on acquisition of national defense materials from foreign countries and in regard to the foreign exchange funds, both Japan and Manchoukuo will utilize it jointly. Even in regard to China, it will be so set up to enable her to utilize it together with Japan and Manchoukuo as much as possible. Furthermore, it will be further planned as to make Japan the center of finance and settlement for the East Asia Co-Prosperity Sphere.

e. The necessary agreements for international settlement will be made among Japan, Manchoukuo and China to strengthen the interdependent and correlated characteristics of the three nation economy.

f. In regard to the monetary system of China, it will be remedied according to the shifting of the situation with the preservation of Japan's leadership as the general principle.

4. Commerce.

The past conception of commercial trade will be changed to establish a trade policy based on principle of production economy with the East Asia Co-Prosperity Sphere as a unit centering around Japan and to secure its position in world economy.

a. Priority materials needed mutually among China, Manchoukuo and Japan will be made to flow smoothly, accurately and fastly.

b. In regard to the relations with a third power or group, the trading of materials with Japan, Manchoukuo and China as a unit will be set up according to nations or groups to secure the materials necessary for production in Japan, Manchoukuo and China and plans will be made to regulate their distribution internally.

c. In regard to the relations with the various areas of the East Asia Co-Prosperity Sphere outside of Japan, Manchoukuo and China, a trade agreement aimed at the preferential acquisition of materials needed mutually will be made and they will be further guided to take on a united relationship with Japan, Manchoukuo and China.

5. Traffic.

To accelerate the unification of the economy of Japan, Manchoukuo and China and to comply with the national defense demands, shipping harbors and railways will be perfected and expanded for the epochal development of traffic and communications among the three countries. At the same time, the organic connection of sea and land transportation facilities will be promoted and every effort will be made to affect a unitary control and

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and connection of airways and to expand and perfect electrical communication and broadcasting facilities. Furthermore, the epochal expansion of transportation facilities on the continent will be planned for.

a. In order to meet its mission of leadership in regards to traffic among Japan, Manchoukuo and China and to occupy the position of absolute dominance in the maritime circle of East Asia as well as to further develop it universally, Japan will markedly increase her shipping.

b. From the standpoint of her national defense and the promotion of her industrial development plan, Manchoukuo will plan for the speedy expansion of her traffic and communication facilities.

c. For the reconstruction of her economy and the promotion of her industrial development, China will plan for the expansion of her traffic and communication facilities and will make every effort to develop her interior water transportation facilities.

In regard to traffic and communication in North China and the Mongolia-Sinkiang areas, she, from the standpoint of national defense, will tighten her relations with Japan and Manchoukuo and plan for their speedy expansion.

d. In order to maintain the autonomous position of the traffic and communication in East Asia, every effort will be made to bring the interests and rights of the third powers under our influence one after the other.

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d. In order to maintain the autonomous position of the traffic and communication in East Asia, every effort will be made to bring the interests and rights of the third powers under our influence one after the other.

C E R T I F I C A T E

W.D.C. NO. _____

I.P.S. NO. 1611 AStatement of Source and Authenticity

I, TAKAHASHI Michitoshi hereby certify that I am officially connected with the Japanese Government in the following capacity: Secretary of the Cabinet and that as such official I have custody of the document hereto attached consisting of 11 pages, dated 3rd October, 1940, and described as follows: Nichi-men-Shi Keizai Kensetsu Yoko. I further certify that the attached record and document is an official document of the Japanese Government, and that it is part of the official archives and files of the following named ministry or department (specifying also the file number or citation, if any, or any other official designation of the regular location of the document in the archives or files): Cabinet

Signed at Tokyo on this9th day of July, 1946./s/ M. Takahashi

Signature of Official

Witness: /s/ M. Kobayashi

SPAL

Secretary of the Cabinet

Official Capacity

Statement of Official Procurement

I, William C. Prout, hereby certify that I am associated with the General Headquarters of the Supreme Commander for the Allied Powers, and that the above described document was obtained by me from the above signed official of the Japanese Government in the conduct of my official business.

Signed at Tokyo on this9th day of July, 1946./s/ William C. Prout

NAME

Witness: /s/ Edward P. MonaghanInvestigator

Official Capacity

I.P.S.